

October 3, 2001

Honorable Jean Carnahan
United States Senate
Washington, DC 20510

Dear Senator:

The Congressional Budget Office has estimated the budgetary effects of S. 1454, the Displaced Workers Assistance Act, including an amendment outlined by your staff on October 3, 2001. The amendment would require that beneficiaries be separated from their jobs in order to receive training.

S. 1454 would appropriate \$3.8 billion for cash, training, and health insurance benefits to workers who lose their jobs at airlines and airports, or in related industries, as a result of the September 11, 2001, terrorist attack. The bill would provide an additional 52 weeks of unemployment compensation for affected workers who exhaust their regular unemployment compensation. In addition, the bill would provide 26 weeks of unemployment benefits for affected workers who would not qualify for regular unemployment benefits under state law. Training for workers who have become separated from their jobs also would be available. Health insurance benefits provided by the bill would entail federal payment of health insurance premiums for individuals eligible for continued coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) and, at state option, for Medicaid coverage for workers not eligible for continued coverage under COBRA.

CBO estimates that the funding level provided in the bill would be sufficient to provide the benefits outlined. We estimate that enactment of the bill would increase outlays by \$2.8 billion over fiscal years 2002 through 2004. Of this amount, about \$1.7 billion would go toward additional unemployment benefits and training, while about \$1.1 billion would cover the health insurance costs associated with the bill. In estimating the potential caseload, CBO has assumed that close to 300,000 workers would be eligible for benefits under the bill.

Honorable Jean Carnahan
Page 2

The costs of this bill would be classified as direct spending and would be subject to the pay-as-you-go procedures under the Balanced Budget and Emergency Deficit Control Act.

S. 1454 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act. States that administer benefits and services under the Trade Act of 1974 may face additional responsibilities under voluntary agreements with the federal government, but the costs of those responsibilities would be covered by the federal government. Similarly, expanded Medicaid coverage offered at the option of states also would be fully funded by the federal government.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Christina Hawley Sadoti and Tom Bradley.

Sincerely,

Dan L. Crippen
Director

cc: Honorable Max Baucus
Chairman
Committee on Finance

Honorable Charles E. Grassley
Ranking Member